ANN BAVENDER\* ANNE GOODWIN CRUMP VINCENT J. CURTIS, JR. RICHARD J. ESTEVEZ PAUL J. FELDMAN ROBERT N. FELGAR RICHARD HILDRETH FRANK R. JAZZO ANDREW S. KERSTING\* EUGENE M. LAWSON, JR. HARRY C. MARTIN GEORGE PETRUTSAS RAYMOND J. QUIANZON LEONARD R. RAISH JAMES P. RILEY KATHLEEN VICTORY HOWARD M. WEISS

\* NOT ADMITTED IN VIRGINIA

### FLETCHER, HEALD & HILDRETH, P.L.C.

ATTORNEYS AT LAW

11th FLOOR, 1300 NORTH 17th STREET
ARLINGTON, VIRGINIA 22209-3801

(703) 812-0400

RECEIVED

(1948-1977) EDWARD F. KENEHAN (1960-1978)

(1956-1983) PAUL D.P. SPEARMAN

(1936-1962)

FRANK ROBERSON

(1936-1961)

TELECOPIER

(703) 812-0486

DEC 1 1 1998

CONSULTANT FOR INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS SHELDON J. KRYS

INTERNET

www.fhh-telcomlaw.com

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY OF COUNSEL
EDWARD A. CAINE\*
MITCHELL LAZARUS\*
EDWARD S. O'NEILL\*
JOHN JOSEPH SMITH

December 11, 1998

writer's direct
703-812-0403
feldman@fhh-telcomlaw.com

## **VIA HAND DELIVERY**

Magalie Salas, Esq. Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, DC 20054

Re:

CS Docket No. 98-201; RM No. 9335; RM No. 9345

Satellite Delivery of Network Signals to Unserved Households

for Purposes of the Satellite Home Viewer Act Joint Comments of the Pappas Telecasting, Inc.,

Morris Network, Inc. and The Pikes Peak Broadcasting Company

Dear Ms. Salas:

Enclosed, on behalf of the Pappas Telecasting, Inc., Morris Netowrk, Inc. and The Pikes Peak Broadcasting Company are the original and 11 copies of their Comments in CS Docket No. 98-201; RM No. 9335; RM No. 9345.

If you have any questions, please contact me.

Very truly yours,

Paul J. Feigman

Counsel to

Pappas Telecasting, Inc., Morris Network, Inc. and

The Pikes Peak Broadcasting Company

PJF/jr Enclosures

CC.

Mr. Don Fowler (w/encl.)

International Transcription Service (w/encl.)

No. of Copies rec'd O + 1 |

# Before the Federal Communications Commission Washington, D.C. 20554

**RECEIVED** 

DEC 1 1 1998

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

In the Matter of )	CS Docket No. 98-201
Satellite Delivery of Network Signals () to Unserved Households for () Purposes of the Satellite Home () Viewer Act ()	RM No. 9335 RM No. 9345
Part 73 Definition and Measurement ) of Signals of Grade B Intensity )	

## JOINT COMMENTS OF PAPPAS TELECASTING, INC. MORRIS NETWORK, INC., AND THE PIKES PEAK BROADCASTING COMPANY

PAPPAS TELECASTING, INC.
MORRIS NETWORK, INC, AND
THE PIKES PEAK BROADCASTING
COMPANY

Richard Hildreth Vincent J. Curtis, Jr. Paul J. Feldman Their Counsel

Fletcher, Heald & Hildreth, P.L.C. 1300 N. 17th Street, 11th Floor Rosslyn, Virginia 22209 (703) 812-0400

December 11, 1998

## **TABLE OF CONTENTS**

I.	Introduction				
H.	Wou	The Proposed Revisions to the Definition of Grade B Signal Intensity Would Impermissibly and Irrationally Reduce a Station's Protected Area of Exclusivity to a Minor Fraction of its Current Area			
	A.	Congress Explicitly Intended to "Freeze" the 1988 Definition of Grade B Signal Intensity for Purposes of SHVA Enforcement			
	B.	Congress Did Not Intend the Commission to Alter the Very Limited Relief Provided to Satellite Operators in SHVA 5			
	C.	The EchoStar/NRTC Proposal is Extraordinarily Extreme, Reducing the Area of a Station's Exclusivity Rights by Up to 93 Percent, and Reducing the Population Covered by the Station's Rights by up to 98 Percent 6			
III.	Reduction of the Area of an Affiliate's Exclusive Rights Will Result in Significant Lost Revenues for Stations, Which Will Impact Their Ability to Provide Free Local Over-the-air Service				
IV.	The Impact of the EchoStar/NRTC Proposals Would Be Inconsistent with the Commission's Own Localism Principles				
V.	Con	clusion			

## Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of	)
Satellite Delivery of Network Signals	) CS Docket No. 98-201
to Unserved Households for	) RM No. 9335
Purposes of the Satellite Home	) RM No. 9345
Viewer Act	)
Part 73 Definition and Measurement	)
of Signals of Grade B Intensity	)

## JOINT COMMENTS OF PAPPAS TELECASTING, INC., MORRIS NETWORK, INC., AND THE PIKES PEAK BROADCASTING COMPANY

Pappas Telecasting, Inc., Morris Network, Inc., and the Pikes Peak Broadcasting Company (hereinafter, "Joint Commenters"), by their attorneys, hereby file these comments in response to the Commission's Notice of Proposed Rulemaking, released November 17, 1998 in the above-captioned proceeding ("Notice"). The Joint

Morris Network, Inc. is the licensee of the following network affiliated stations: KARK, Little Rock, Arkansas (NBC Television Network affiliate); WDHN, Dothan, Alabama (ABC); WXXV, Gulfport, Mississippi (Fox); WMGT, Macon, Georgia (NBC).

The Pikes Peak Broadcasting Company is the licensee of the following network affiliated stations: KRDO, Colorado Springs, Colorado (ABC Television Network affiliate); KJCT, Grand Junction, Colorado (ABC).

Pappas Telecasting, Inc., directly or through affiliates and subsidiaries, is the licensee of the following network affiliated stations: KMPH, Visalia, California (Fox Television Network affiliate); KREN, Reno, NV (WB); KPTM, Omaha, Nebraska (Fox); WBFX, Lexington, North Carolina (WB); WSWS, Opelika, Alabama (UPN); WASV, Ashville, North Carolina (WB/UPN). In addition, Pappas Telecasting operates, through local management agreements, the following additional network affiliated stations: KXVO, Omaha, Nebraska (WB); KHGI, Kearney, Nebraska (ABC); KWNB, Hayes Center, Nebraska (ABC); KSNB, Superior, Nebraska (Fox); KTVG, Grand Island, Nebraska (Fox); KNSO, Merced, California (WB).

Commenters strongly urge the Commission to reject proposed modifications to the definition of Grade B signal intensity that would impermissibly and irrationally reduce a station's protected Grade B area to a minor fraction of its existing service area, thus substantially impairing the ability of stations to provide free over-the-air <u>local</u> service to their communities. As shown in the maps attached to these Comments, under the proposals considered in this proceeding, a station's geographic area of exclusivity would be reduced by up to 93 percent, and the population covered by the station's exclusive rights reduced by up to 98 percent. Such a result would be contrary not only to Congressional intent, but to long-standing Commission policies, and the public interest.

#### I. Introduction

The Joint Commenters each operate full power, network affiliated television stations. Each of the Joint Commenters have, for many years, provided high quality service to their communities, including important news, weather, public affairs, public service announcements and other programming directed to meet the needs of their communities for <u>local</u> information. However, as discussed more fully below, the production costs of such local programming are substantial, and the proposals in this proceeding seriously threaten the economic basis for the production and broadcast of local programming.

2

As members of their communities, the Joint Commenters do not begrudge their neighbors the right to receive network programming by satellite if such viewers <u>truly</u> cannot receive the over-the-air signal of their local affiliates. The Joint Commenters regularly grant waiver requests from viewers who demonstrate that, pursuant to the Satellite Home Viewer Act ("SHVA"), they cannot receive a Grade B signal "through use of a conventional outdoor rooftop antenna." However, the proposals of the National Rural Telecommunications Cooperative ("NRTC") and EchoStar Communications Corporation ("EchoStar") ask the Commission to make unauthorized revisions to its rules that would not only contradict the Commission's policies on localism, they would so substantially decrease a station's protected service area, as to make a mockery out of the term "unserved household."

II. The Proposed Revisions to the Definition of Grade B Signal Intensity Would Impermissibly and Irrationally Reduce a Station's Protected Area of Exclusivity to a Minor Fraction of its Current Area.

As stated in paragraph 9 of the *Notice*, NRTC asks the Commission to adopt, for the purposes of interpreting SHVA, a new definition of "unserved" to include those households located outside of a "Grade B "contour in which 100 percent of the population receives over-the-air coverage by a network affiliate 100 percent of the time, using "readily available, affordable receiving equipment." EchoStar urges the Commission to endorse a predictive model under which an unserved household would be defined as those outside of a contour within which 99 percent of households receive a Grade B signal 99 percent of the time with a 99 percent level of confidence. By

<sup>&</sup>lt;sup>2</sup> See 17 U.S.C. § 119(d)(10)(A).

reducing the "Grade B" contour for purposes of SHVA, the satellite operators hope to substantially reduce the area in which affiliates hold the exclusive rights to deliver network programming, and thus increase the number of "unserved households" to which satellite operators can deliver such programming. However, both the redefinition of the Grade B intensity standard for SHVA, and the resulting massive reduction of the area of an affiliate's exclusivity, are patently inconsistent with Congressional intent in the enactment of SHVA.

A. Congress Explicitly Intended to "Freeze" the 1988 Definition of Grade B Signal Intensity for Purposes of SHVA Enforcement.

The *Notice* wisely seeks comments as to whether the Commission even has authority to revise the definition of Grade B signal intensity for purposes of SHVA. The answer appears to be clear, however, that Congress intended to "freeze" the 1988 definition of Grade B signal intensity into the definition of "unserved household". The *House Report* explicitly defines "unserved household" as "a household that with respect to a particular network; (A) cannot receive, through the use of a conventional outdoor antenna, a signal of Grade B intensity (as defined by the FCC *currently* in 47 C.F.R. Section 73.683(a))". The word "currently" could not be more explicit, and obviously refers to the definition of Grade B as it existed in 1988. While the Commission certainly has the authority to revise Section 73.683(a) of its rules, even if the Commission were to do so, it would be contrary to Congressional intent to apply that revised definition to SHVA enforcement.

H.R. Rep. No. 887, Part 2, 100th Cong., 2d Sess. 26 (1988) (hereinafter, "House Report II") (emphasis added).

## B. Congress Did Not Intend the Commission to Alter the Very Limited Relief Provided to Satellite Operators in SHVA.

In its *Notice*, the Commission acknowledges that SHVA constituted a "limited exception" to the exclusive copyright held by television networks and their affiliates to transmit programming to viewers. *Notice* at para. 2. However, EchoStar and NRTC are asking the Commission to ignore the limited nature of the relief that Congress intended to provide to satellite operators in SHVA. Congress' intent to limit that relief is first demonstrated by the language of the Act itself, which defines an "unserved household" as one that cannot receive an affiliate's <u>Grade B</u> signal using an <u>outdoor rooftop</u> antenna, instead of a Grade A signal, or a signal measured indoors. Congressional intent to limit the relief granted to satellite operators is made even more explicit in the legislative history of the Act:

The special statutory copyright for satellite service was created in recognition of the fact that a *small percentage* of television households cannot now receive a clear signal of the three national television networks.<sup>4</sup>

Furthermore, Congress' intent that the impact of SHVA be very limited was based in part on <u>representations</u> by the <u>satellite carriers</u> that the need for relief was very limited, noting that the carriers "all agree that approximately 1 percent or approximately 1 million is the figure" for white area ("unserved") households.<sup>5</sup> Indeed, at that time, the

H.R. Rep. No. 887, Part 1, 100th Cong., 2d Sess.(hereinafter "House Report I") at 15 (emphasis added). Indeed, Congress' decision <u>not</u> to modify the definition of unserved area in its 1994 revision of SHVA, further demonstrates Congress' intent that the scope of SHVA be limited.

<sup>&</sup>lt;sup>5</sup> Satellite Home Viewer Copyright Act: Hearings on H.R. 2848 Before the Subcommittee on Courts, Civil Liberties and the Administration of Justice, 100th Cong., Serial No. 89, at page 289 (Testimony of Brian J. McCauley, President, Netlink USA).

Commission itself reached a similar conclusion on this issue. In Re Inquiry into the Scrambling of Satellite Television Signals and Access to Those Signals by Owners of Home Satellite Dish Antennas, Second Report and Order, 3 FCC Rcd 1202, 1209 (1988)(stating that only "800,000 to 1 million households" are unable to receive the over-the-air signal of local network affiliates).

Nevertheless, EchoStar and NRTC now ask the Commission to ignore

Congressional intent, the contemporaneous representations made by satellite operators to Congress, and the Commission's own findings, by redefining the signal intensity level and methodologies for measuring Grade B, in a manner designed to massively increase the area defined as "unserved", and massively increase the number of viewers to whom the satellite operators may deliver network signals. But neither EchoStar nor NRTC have made any showing demonstrating that the facts regarding the ability of viewers to pick up Grade B over-the-air signals has changed since 1988, that would justify ignoring the obvious Congressional intent that SHVA apply to only a very limited number of viewers. Accordingly, the Commission cannot ignore the plain language of the Act, or Congress' express intent, by enacting the NRTC/EchoStar proposals. Such action is unauthorized and will certainly lead to reversal by a federal appellate court.

C. The EchoStar/NRTC Proposal is Extraordinarily Extreme, Reducing the Area of a Station's Exclusivity Rights by Up to 93 Percent, and Reducing the Population Covered by the Station's Rights by up to 98 Percent.

In light of the fact that the Commission appears to lack the authority to revise the definition of Grade B signal intensity for SHVA, and the fact that Congress obviously intended that SHVA apply only to a very limited number of viewers, the EchoStar/NRTC proposals are extraordinarily extreme: as shown in the coverage maps attached hereto

in Exhibit A, the EchoStar proposal would reduce the size of a station's exclusivity area by up to 93 percent, and reduce the population covered by an affiliate's exclusivity rights by up to 98 percent! Even if the Commission had authority to make modifications to the Grade B definition for the purposes of SHVA (a point which Joint Commenters do not concede), clearly such a modification goes way beyond the level of reasonableness.

The materials in Exhibit A were produced by Techware, Inc. of Chantilly, Virginia. For each station two studies were performed. The first study was conducted to determine the station's service area based on the current Grade B field intensity value, using the Longley-Rice propagation model, and the normal statistical values for Location Variability (50%), Time Variability (50%) and Confidence (50%). The second study was performed to determine the station's "Grade B" service based on the method proposed by EchoStar, using the statistical values proposed by EchoStar for Location Variability (99%), Time Variability (99%) and Confidence (99%). In addition, each study also includes an evaluation of Grade A field intensity service areas. A summary sheet is provided for each station showing the population and area of service for each of two studies for both Grade B and Grade A service.

In addition to the summary sheet, a graphical representation on a map is provided. Each plot shows the areas of Grade A and Grade B service. Areas where the predicted field intensity is equal to or greater than Grade A are depicted in red.

Locations where the field is equal to or greater than Grade B and less than Grade A are shown in green.<sup>6</sup>

The results demonstrated in the maps are dramatic and devastating. For example, for Station KMPH, Channel 26, Visalia, California, the EchoStar proposal would reduce the size of a Station's exclusivity area by up to 93 percent, and reduce the population covered by that station's exclusivity rights by up to 98 percent. Rule revisions that would produce such extreme results cannot rationally be considered consistent with Congress' intent that the copyright granted to satellite carriers under SHVA be limited to a "small percentage" of viewers.

III. Reduction of the Area of an Affiliate's Exclusive Rights
Will Result in Significant Lost Revenues for Stations, Which
Will Impact Their Ability to Provide Free Local Over-the-air Service.

In enacting SHVA, Congress crafted a delicate balance between enhancing the delivery of network signals to a small number of viewers who cannot receive such signals over-the-air, with the need to preserve localism and the traditional network/affiliate relationship:

The locations where the service prediction appears to end prematurely are the points where the evaluation boundary was reached. In order to show that, using the Longley-Rice method, Grade B field values are sometimes predicted beyond the traditional Grade B contour, the boundary of the area of evaluation was at least 25% beyond the predicted Grade B contour that does not use the Longley-Rice method. Indeed, these results demonstrate that many locations outside of a station's predicted Grade B contour are in fact served by that station with an actual Grade B signal. SHVA's requirement that "unserved households" be identified with actual measurements wisely recognizes this fact.

Figures for KPTM are as follows: KPTM population would be reduced 25.99%, KPTM area would be reduced 78.99%.

"[T]he bill respects the network/affiliate relationship and promotes localism."8

"This television network-affiliate distribution system involves a unique combination of national and local elements, which has evolved over a period of decades. The network provides the advantages of program acquisition or production and the sale of advertising on a national scale, as well as the special advantages flowing from the fact that its service covers a wide range of programs throughout the day.... But while the network is typically the largest supplier of nationally produced programming for its affiliates, the affiliate also decides which network programs are locally broadcast; produces local news and other programs of special interest to its local audience, and creates an overall program schedule containing network, local and syndicated programming."

"The Committee believes that this approach will satisfy the public interest in making available network programming in these (typically rural) areas, while also respecting the public interest in protecting the network-affiliate distribution distribution system." <sup>10</sup>

"Free local over-the-air television stations continue to play an important role in providing the American people information and entertainment. The Committee is concerned that changes in technology, and accompanying changes in law and regulation, do not undermine the base of free local television service upon which the American people continue to rely."

As shown in the maps attached hereto in Exhibit A, the EchoStar/NRTC proposals would largely eviscerate the area in which network affiliates can claim exclusive rights

<sup>&</sup>lt;sup>8</sup> House Report (I) at 14.

<sup>9</sup> House Report (II) at 20.

<sup>&</sup>lt;sup>10</sup> *Id.* 

<sup>11</sup> House Report (I) at 26.

to exhibit network programming, and will result in loss of viewers for the affiliates, which will significantly impact the ability of affiliate stations to provide <u>free</u>, over-the-air <u>local</u> programming to the community. This would directly contradict Congress' intent in enacting SHVA.

If viewers are watching a satellite feed of network programming, then they will not be watching the affiliate's delivery of that programming. This would be a <u>direct</u> result of satellite delivery of network programming. An <u>indirect</u> loss of viewers due to satellite delivery of network programming results when viewers do not watch the affiliate feed of network programming and thus are not "led-in" to the <u>other local</u> and syndicated programming broadcast by the station, immediately following the network programming, or at other times. Similarly, creeping loss of exclusivity reduces the differentiation between video services, leading to lost audience share for the service (local affiliate) whose programming is being duplicated.

It is no secret that loss of viewers will directly lead to loss of advertising revenues. The Commission itself has recognized, in a similar proceeding, that:

"[d]iversion imposes economic harm on local broadcasters.... A drop of even a single rating point may represent a loss of 1/3 to ½ of a broadcaster's potential audience. Audience diversion translates directly into lost revenue for local broadcasters."<sup>12</sup>

Diversion of viewers from local affiliates to satellite network feeds will lead to loss of revenues for affiliates for the following reasons:

Report and Order on Program Exclusivity, 3 FCC Rcd 5299 (1988) at para. 41; *recon*, 4 FCC Rcd 2711 (1989); *aff'd sub nom.*, <u>United Video, Inc. v. FCC</u>, 890 F.2d 1173 (D.C.Cir. 1989).

- -Advertising rates, and purchases, are directly related to station viewership figures. Loss of viewers directly translates into loss of advertising revenues.
- -Many affiliates receive compensation directly from their network for the carriage of network programming. Such compensation is typically related to the affiliate's viewership figures.
- -Financing from banks and other financial institutions to stations is usually based in part on the station's revenue flow. Reduced revenues often lead to less attractive financial terms in loans to stations, which further reduces station revenues.

In sum, loss of exclusivity results in loss of viewers, which results in loss of revenues. The last piece of the equation, however, is that significant loss of revenues will inevitably impair the ability of affiliates to provide <a href="free">free</a>, over-the-air <a href="local">local</a>
programming to the community. The reduction in the provision of local service that follows a significant drop in affiliate revenues is not an easy or pleasant decision for stations; but it is a natural and predictable <a href="business">business</a> decision to cut expenses when necessary. The production of local news and public affairs programming requires out-of-pocket expenses for news sets, production facilities, mobile news vehicles, remote equipment, and reporters. For example, Nebraska Stations KHGI/KWNB, operated by Pappas Telecasting, spend almost \$1,000,000 per year on news operations. In their home counties, those stations provide the primary source of news for 60 percent of the population. But if those stations lose significant viewers to satellite carriers for network programming, expenditures on news are put at risk.

See, e.g., Dan Trigoboff, News Not Paramount, Broadcasting & Cable, December 7, 1998 at 30 (Noting that UPN affiliate KSTW, Seattle, just discontinued its local news broadcast, in part because of needs to reduce the Station's budget, and the lack of economies of scale from a single-hour news show.).

To make matters worse, the reduction or elimination of local programming is more likely to occur in smaller markets where stations have less revenues than large market stations, and thus have less flexibility to absorb losses. These small markets typically have less stations providing local programming to start, so that the loss of even one local voice has a greater impact.

In sum, a substantial loss in an affiliate's area of exclusivity (reduction of its "unserved area"), as proposed by EchoStar and NRTC, will lead directly to loss of revenues, which will significantly impact the ability of affiliates to provide free over-the-air local programming. Such a result is directly contrary to Congressional intent in the enactment of SHVA. Furthermore, as shown below, such a result is directly contrary to the Commission's own policies on localism.

## IV. The Impact of the EchoStar/NRTC Proposals Would Be Inconsistent with the Commission's Own Localism Principles.

In paragraph 15 of the *Notice*, the Commission "recognizes" the "important role that local broadcast stations play in their communities", but appears to view this as just one factor to balance against the desire to use SHVA enforcement to "promote competition among multichannel video programming distributors." Comments filed by other parties earlier in this proceeding have noted the inappropriateness of the Commission's attempt to use its limited role in a copyright matter to advance unrelated telecommunications policies, and the Joint Commenters endorse that critique. But while the Commission further acknowledges, in paragraph 36 of the *Notice*, that "localism is central to [the Commission's] policies governing broadcasting...", the Joint Commenters take this opportunity to remind the Commission just how central the principle of localism

was in shaping the cable TV network non-duplication rules, which cover issues very analogous to those in this proceeding.

When the Commission first instituted rules to give local broadcast stations the right to demand protection against importation of duplicating distant signals by cable TV operators, the Commission made it clear that the primary purpose of such rules was to prevent harm to local stations, noting that its "aim in this regard is not to take any programs away from any CATV subscriber, but to preserve to local stations the credit to which they are entitled - in the eyes of advertisers and the public - for presenting programs for which they had bargained and paid in the competitive market." In a related proceeding at that time, the Commission noted that imported distant signals by cable TV operators "[do] not serve as an outlet for local self expression. It does not present local discussion, the local ministers or educators, the local political candidates, etc."

The basic principles of localism have not changed since that time.

Notwithstanding the growth of national cable programming channels, viewers still look to their local affiliates for local news and public affairs programming. On the evening of elections, the community looks to their local station to follow the results of local elections. The viewers in Kearney, Nebraska have only one primary television station licensed to their community: if satellite importation of a distant affiliate undercuts the

First Report and Order on Microwave Relays (Docket Nos. 14895 and 15233), 4 RR 2d 1725, 1761 (1965).

<sup>&</sup>lt;sup>15</sup> <u>Second Report and Order on CATV Regulation (Dockets Nos. 14895, 15233, and 15971)</u> 6 RR 2d. 1717, 1778 (1966).

ability of that station to provide local programming, what are the local viewers to do?

Watch election results from a North Carolina station? Weather conditions in mountain communities like Reno, Nevada change rapidly. If the news/weather operations of Reno affiliates are impaired due to loss of revenues, where should local viewers turn for up to date weather information: the transmission from a New York City affiliate?

Local programming from local stations not only <u>informs</u> viewers about social, political and economic matters that directly impact their communities, but helps to <u>build</u> strong communities. Kearney/Hayes Center, Nebraska Stations KHGI/KWNB provide over \$300,000 per year in community and public service announcements. Local school district events in Nebraska will not be advertised on a Denver affiliate. Similarly, <u>local merchants</u> rely on advertisements on local stations, including local insertions placed in network programming, to attract customers and build their businesses. The local Reno auto dealership cannot afford to place ads on New York City affiliate stations in order to reach Nevada viewers.

The Joint Commenters fear that in this proceeding, the Commission will cave in to temporary political pressure, and be seduced by attractive but specious claims about how satellite operators need to import <u>distant</u> signals in order to compete with <u>local</u> cable TV operators, with the result that the Commission makes a decision destructive to the principle and practice of broadcast localism. The Commission has made a notably similar mistake in the past, when it eliminated (in 1980) the syndicated exclusivity rules, in the name of promoting competition in the production and distribution of programing. In reinstituting the syndex rules in 1988, the Commission admitted that it had previously "failed to analyze the effects on the local television market of denying broadcasters the

ability to enter into contracts with enforceable exclusive exhibition rights when they had to compete with cable operators who could enter into such contracts.... The incomplete 1980 analysis led the Commission to mischaracterize the role that exclusivity plays in the functioning of the local television market."<sup>16</sup>

The Commission should not feel compelled to make essentially the same mistake again.

#### V. Conclusion

SHVA froze the definition of Grade B signal intensity, for SHVA enforcement purposes, to the standards then in existence in 1988. However, even if the Commission did have the authority to modify those standards for SHVA purposes, any significant modification would reduce the viewers of network affiliate stations, reducing the revenues of those stations, and inevitably forcing those stations to reduce the provision of free over-the-air <u>local</u> programming. Such a result would be contrary to Congress' intent in enacting SHVA, and contrary to the Commission's own principles of

Report and Order on Program Exclusivity, supra note 11, 3 FCC Rcd 5299 at para. 23 (emphasis in original).

localism. The Commission must reject, as unreasonable and beyond its authority, proposals to modify the Congressionally mandated definition of "unserved household".

Respectfully submitted,

Richard Hildreth Vincent J. Curtis, Jr. Paul J. Feldman

Counsel for

Pappas Telecasting, Inc. Morris Network, Inc. Pikes Peak Broadcasting Company

FLETCHER, HEALD & HILDRETH, PLC 1300 North Seventeenth Street, 11th Floor Arlington, VA 22209 703/812-0400

December 11, 1998

# Exhibit A Service Analysis for SHVA Proceeding

## KMPH Channel 26 Visalia, California

#### Longley-Rice Analysis

F(50/50/50) (Grade A) **SERVICE** F(50/50/50) (Grade B) Population Area (Square km) **Population** Area (Square km) Limited by Terrain 1,625,925 39,503 1,451,544 36,435 F(99/99/99) (Grade B) F(99/99/99) (Grade A) **Population** Area (Square km) Population Area (Square km) Limited by Terrain 32,230 2.958 470 373

F(50/50/50) - Longley-Rice Location Variability (50%), Time Variability (50%), Confidence (50%)

F(99/99/99) - Longley-Rice Location Variability (99%), Time Variability (99%), Confidence (99%)

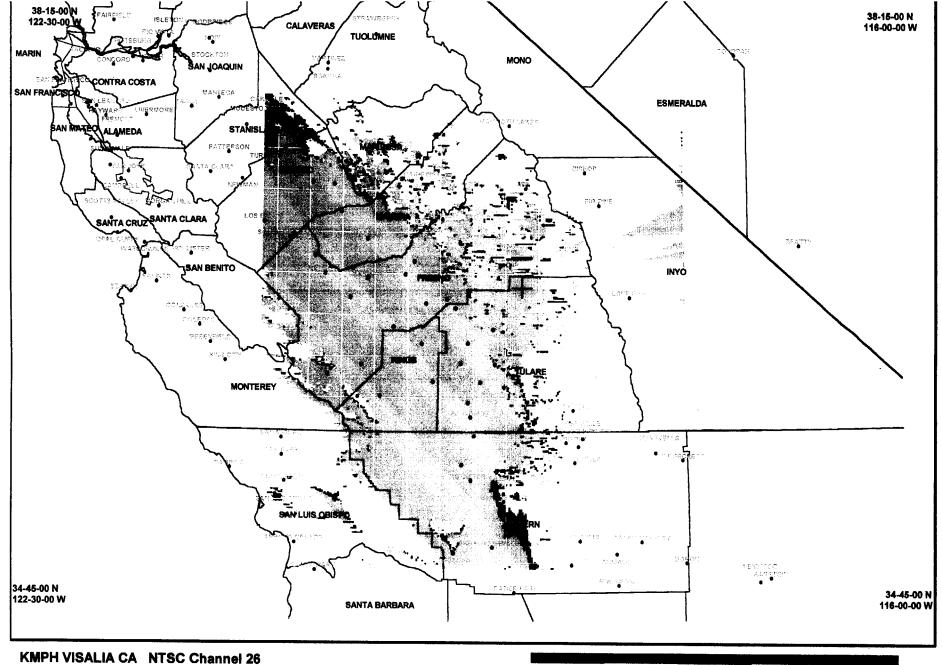
Prepared for: Pappas Television December 5, 1998

Prepared by:

TechWare, Inc.

Suite 206

14101 Parke Long Court Chantilly, VA 20151 703-222-5842



KM

250

KMPH VISALIA CA NTSC Channel 26

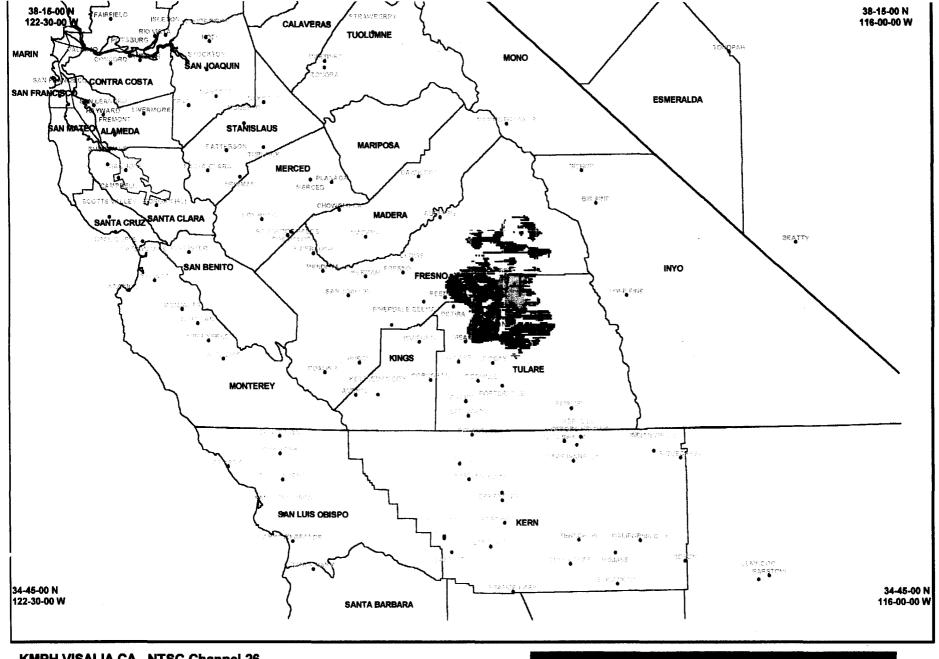
Grade B = Green Grade A = Red

Longley-Rice Analysis

L = 50%, T = 50%, C = 50%

Prepared for Pappas Television

Prepared by TechWare, Inc. Chantilly, VA 703-222-5842



KM

250

KMPH VISALIA CA NTSC Channel 26
Grade B = Green Grade A = Red
Longley-Rice Analysis
L = 99%, T = 99%, C = 99%
Prepared for Pappas Television
Prepared by TechWare, Inc. Chantilly, VA 703-222-5842

## KPTM Channel 42 Omaha, Nebraska

#### Longley-Rice Analysis

SERVICE	F(50/50/50) (Grade B)		F(50/50/50) (Grade A)		
	Population	Area (Square km)	Population	Area (Square km)	
Limited by Terrain	1,191,147	47,397	1,086,757	33,969	
	F(99/9	F(99/99/99) (Grade B)		F(99/99/99) (Grade A)	
	Population	Area (Square km)	Population	Area (Square km)	
Limited by Terrain	881,466	9,955	282	48	

F(50/50/50) - Longley-Rice Location Variability (50%), Time Variability (50%), Confidence (50%)

F(99/99/99) - Longley-Rice Location Variability (99%), Time Variability (99%), Confidence (99%)

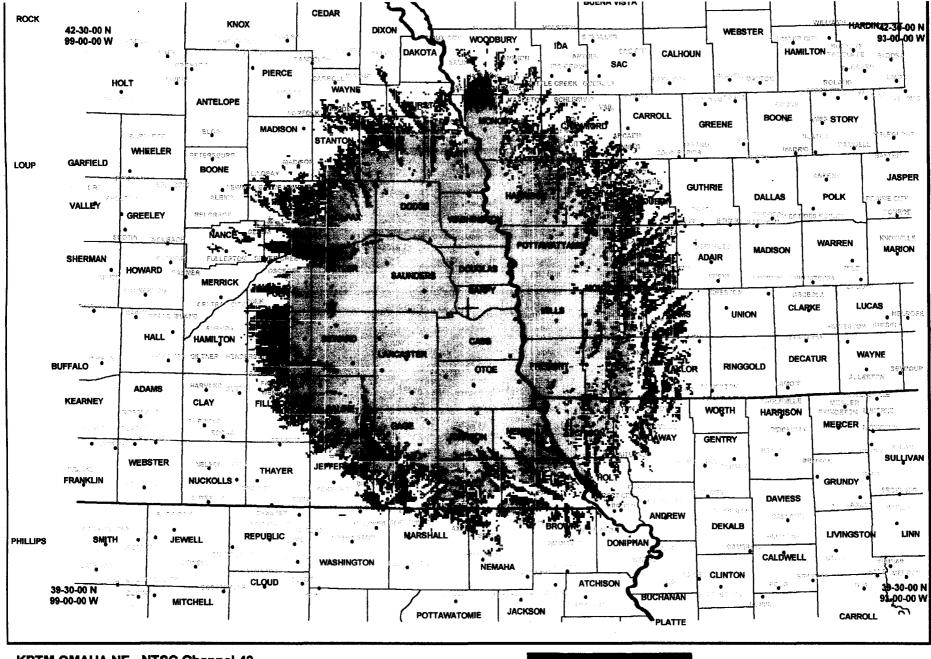
Prepared for: Pappas Television December 5, 1998

Prepared by:

TechWare, Inc.

Suite 206

14101 Parke Long Court Chantilly, VA 20151 703-222-5842

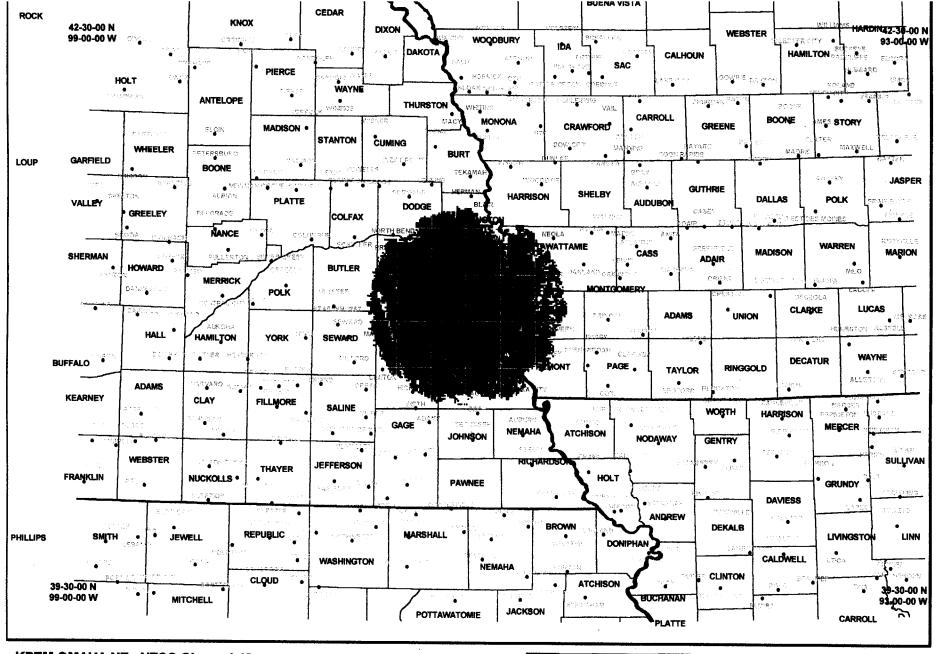


0

KM

100

KPTM OMAHA NE NTSC Channel 42
Grade B = Green Grade A = Red
Longley-Rice Analysis
L = 50%, T = 50%, C = 50%
Prepared for Pappas Television
Prepared by TechWare, Inc. Chantilly, VA 703-222-5842



KM

100

KPTM OMAHA NE NTSC Channel 42
Grade B = Green Grade A = Red
Longley-Rice Analysis
L = 99%, T = 99%, C = 99%
Prepared for Pappas Television
Prepared by TechWare, Inc. Chantilly, VA 703-222-5842